Welcome to the Annual General Meeting of Leclanché S.A. Shareholders

### 30th September 2022

#### The meeting will start at 9:00 AM (CET)

For all questions during the presentation, please contact Questions AGM2022@leclanche.com

Please state your name and company



### Annual General Meeting of Leclanché S.A. Shareholders

30<sup>th</sup> September 2022





### 2021 Financial summary

### **Business Operations Update**

### Going Forward: 2022 & beyond



#### 2021 Financial Summary

27% reduction in EBITDA loss reflects significant improvement in gross margin from projects delivered in 2021, thanks to the considerable investments made over past years to strengthen innovation, engineering, industrial and organisational capacities.

Over-indebtedness situation has been cured with the support of the Company's largest shareholder SEFAM<sup>1</sup>

For further details, please see the Annual Report 2021 on Company's website.

<sup>1</sup>SEFAM means: AM INVESTMENT SCA, SICAV-SIF - Illiquid Assets Sub-Fund and AM INVESTMENT SCA, SICAV-SIF – R&D Sub-Fund, together with STRATEGIC EQUITY FUND - Renewable Energy Sub-Fund, STRATEGIC EQUITY FUND - Multi Asset Strategy Sub-Fund, STRATEGIC EQUITY FUND – E Money Strategies Sub-Fund (also called Energy Storage Invest) and, all these funds being in aggregate the main shareholder of Leclanché, hereunder referred to as "SEFAM."



#### 2021 Financial Results

2021 Revenue down 9% from CHF 23.9 million in 2020

Combined with the inventory from 2020 and production in 2021, created a buffer stock for 2022

2021 EBITDA Loss was CHF (44.9) million compared to CHF (61.0) million in 2020

2021 Net Loss was CHF (80.0) million compared to CHF (78.2) million in 2020

<b>P &amp; L</b> (in KCHF)	2021	2020
Total income	21 798	23 854
Raw materials and consumables used	-17 600	-36 100
Personnel costs	-35 265	-32 174
Other operating expenses	-13 829	-16 542
Net impairment losses on financial and contract assets	-12 026	-1 194
Depreciation, amortisation and impairment expenses	-6 528	-7 403
Operating Loss	-63 451	-69 559
Finance costs	-16 453	-8 678
Finance income	919	440
Share of net loss of joint ventures and associates	-613	-517
accounted for using the equity method		
Loss before tax for the period	-79 599	-78 314
Income tax	-376	89
Loss for the period of the Group	-79 975	-78 225



#### 2021 Financial Results

		31.12.2021	31.12.2020
Balance Sheet (in kCHF) : 31 Decemb	er 2042\$ETS		
	Non-current assets	57 733	41 734
Continuous financial support of SEFAM,	Current assets	31 946	31 501
Leclanché's majority shareholder	TOTAL ASSETS	89 680	73 234
Balance sheet restructuring including	EQUITY AND LIABILITIES		
Debt-to-Equity conversion CHF 33.8	Share capital	33 520	26 007
million in March 2021, CHF 29.7 million	Reserve	53 336	46 359
in September 2021 and a commitment to	Accumulated losses	-112 824	-93 884
convert an additional CHF 41.3 million in	TOTAL EQUITY	-25 968	-21 518
2022			
	Convertible Loans	-	3 164
Provide an additional financing in 2022	Loans	48 203	36 234
through now credit facilities. To date	Trade and other payables	35 518	32 851
CUE 42 C million has already have	Other Liabilities	31 927	22 503
CHF 42.6 million has already been provided	TOTAL LIABILITIES	115 648	94 752
	TOTAL EQUITY AND LIABILITIES	89 680	73 234



# 2021 Financial summary **O2** Business Operations Update 3 Going Forward: 2022 & beyond



### Leclanché, the 113-year-old Startup, is at the heart of the Energy Transition

Energy transition to reduce overall Greenhouse Gas Emissions and create a pathway to Zero Emissions, is being driven primarily by changes in the electricity generation, transmission & distribution network; and electrification of transport sector.

Leclanché's strategy and business model is at the heart of the convergence of these drivers.

#### Leclanché E-Mobility:

electrification of vehicles in medium & heavy transport sector

We deliver integrated Battery Packs & Racks for Electric Vehicles of all sizes, with intelligent interface to the charging infrastructure.

Leclanché Energy Storage Solutions (ESS): renewable energies integration

We deliver Energy Storage Systems that reliably add intermittent solar and wind energies in the electricity network as dispatchable power on an as-needed basis.

#### Specialty Battery Systems (SBS): electrification of industrial machines

Low-voltage portable battery packs for defense, medical and other industrial machines.



#### Leclanché At-a-Glance



<sup>1</sup> Based on IDTechEX Research Dec. 2020 (COVID Adjusted) and LUX report.



#### Trusted Customer Partnerships based on comprehensive offer

**Energy Storage Solutions** 

### Broad-based strategic customers across the global battery value chain



#### State of the business: key updates

Strong order book & pipeline, and competitive cost base, underpins profitable growth



Restarting production and ramping up to deliver 2023 business plan



Ongoing M&A process to unlock shareholder value



Prudent management of risks





### Robust Growth founded on USD 1.5 billion of orderbook & pipeline

### The product pipeline is bolstered by established key customer relationships



Million USD

**Leclanché** Energy Storage Solutions <sup>1</sup> Contracted Revenue = Backlog and committed customer opportunities in the pipeline

#### **Marine Projects**

#### Completed & won projects: 66 MWh (MRS-2) + 38 MWh (MRS-3) = 104 MWh







**MS Jungfrau** 

MRS-2

0.2 MWh

#### RoPax







Energy Storage Solutions \*Project won, system to be delivered

MRS-2

6.7 MWh



#### Rail Projects

#### Won rail projects: 10 MWh (INT-53) + 16 MWh (INT-105) = 26 MWh



Incremental growth in rail projects won by Leclanché:

- Feb 2021: 4.2 MWh, March 2021: 2.1 MWh, July 2021: 5.5 MWh + 0.2 MWh, Dec 2021: 10.3 MWh
- Jan 2022: 1.2 MWh, April 2022: 2.5 MWh





#### **Commercial Vehicle Projects**

Completed & won projects: 34 MWh / 258 MWh with specialised truck manufacturer

#### Specialist & Municipal Truck / Bus





0.3 MWh



Specialised Truck INT-134 Energy 258 MWh









#### Agriculture



#### Defence







#### Vertical Integration Enables Greater Customisation, Market Penetration & Margin Advantage

### Unique R&D and design capabilities across the complete battery system



#### Key Benefits of Vertical Integration

Clear technology roadmap

**Control of the full process** 

Solutions that exactly match customer specifications

Tighter cost control & higher margins



\*Energy Management Software

© Leclanché SA 2022 - Slide 19



### R&D, Engineering, Industrialisation and Certifications

Umlaut, Part of Accenture Industry X, was mandated to review the cost structures of cell manufacturing when moving to large volumes:

- Deep analysis covering technology choices, manufacturing processes and scale effects, shows high level of competitiveness in large volume manufacturing.
- Cost decreases from \$226 to \$79 per kWh as production volume ramps-up from 100MWh to 4GWh per year



**Energy Storage Solutions** 



### 1

Competitive Cost base in E-Mobility driven by continuous innovation in increasing energy density of cells

#### **Technology Leadership**

#### Lithium Cells- ready to enter the automotive sector

- Development driven by sustainability in material sourcing
- Low carbon footprint manufacturing process
- Continuous reduction in Cobalt content



Materials with lower carbon footprint and energy-saving processing steps will make the batteries more sustainable



Less cobalt in the cathode materials and high-energy materials will further reduce the costs per kWh





### ESS: Deep Experience and Core In-house Technologies differentiate Leclanché ESS

- **USD \$275+ million** Order Book and Pipeline ensures long-term growth in a rapidly expanding global market for ESS
- Leclanché ESS has completed 18 Energy Storage Projects to date and currently has 8 Projects in execution including a <u>USD \$68 million</u> Solar+Storage / Microgrid Project in St Kitts
- Strong team of storage industry experts with complete Integration expertise across broad-range of ESS applications
- Leclanché has two proprietary technology solutions developed in-house that will be deployed worldwide:





**ARA Leclanché** Energy Management Software



#### ESS: Winning leading customers worldwide

#### **Key Customers**

#### EVCI Canada Green Powe Electricidade dos Acores Toronto **NRSTOR** Canada Toronto **Global Adjustment** Canada ROMANDE Ingersoll CanadianSolar Canada ENERGIE Toronto **Baseload Power** Canada St Kitts Island ΤΛΤΛ **Frequency Regulation** OAKVILLE HYD Illinois USA SKELF **ONTARIOPO** DANE GENERATION <sup>bp</sup>pulse<sub>0</sub> Olmatic Project Video: https://vimeo.com/752058272

#### **Key Projects and Applications**





100 GWh



#### USD 30+ million Order Book and Pipeline ensures long-term growth:

- New European customers acquisition in Defence and Medical sectors
- Strong collaboration with existing customers
- Expansion of our market to other European countries

#### Proven completive cost base underpins profitability

- Already positive gross margin further enhanced by higher value add contracts in Defence and Medical sectors
- Productivity improvement through production and process automation
- More manufacturing outsourcing for standard orders



#### SBS: Winning leading customers worldwide











#### Ramping up to deliver 2023 business

The business plan funding is mostly secured until June 2023, thanks to SEFAM providing a comfort letter to the Group ensuring that, under certain conditions, SEFAM will provide the funding requirements for an amount up to CHF 50 million.

#### Ramping up the cell production from December 2022

- With adequate cells in stock from 2021, cell production in 2022 has been intermittent
  - To avoid paying increased costs due to the worldwide supply chain issues
  - Manage the business within tight liquidity while E-Mobility SPAC process was ongoing

#### Prioritise current order book delivery in 2023

- Increase cell factory utilisation to improve gross margin
- Reinforce growth in SBS
- Accelerate project deliveries in E-Mobility and ESS



#### Unlocking Shareholder Value

#### Carve-out of eTransport business unit: Leclanché E-Mobility

- Separate legal entity ready for strategic M&A having all patents and manufacturing assets in Germany and Switzerland (except for SBS)
- Fair Market Valuation analysis, conducted by one of the 'big four' firms, is significantly higher than the average market cap of Leclanché Group since 2020
- Merger with SPAC on hold due to prevailing market conditions
- Ongoing competitive M&A process with two world leading industrial majors

#### Leclanché Energy Storage Solutions

 Ongoing process for a strategic Joint Venture coinciding with the completion of St. Kitts project toward end of 2023

#### **Specialty Battery Systems**

- Launch carveout of the business unit to prepare for M&A
- Uninterrupted customer service and support



#### Prudent management of risks

#### Fully funding the business plan

 Proceeds from the industrial M&A, if concluded successfully, combined with new funding from the largest shareholder

#### Navigating through current worldwide supply chain issues

- Leveraging key customers relationship with suppliers
- Secure long-term recurring volume offtake from OEMs in Europe and India
  - Enables debt financing leverage for production capacity expansion

#### Continuous operational improvements

- Reduce Opex through joint ventures
- Accelerate industrial process maturity in engineering and production to reduce rework cost
- Complementary engineering centres in low-cost European countries



## 2021 Financial summary O2 Business Operations Update Going Forward: 2022 & beyond 03



#### Key takeaway

1

Production capacity ramp-up to maximize project deliveries in 2023



Scaling the E-Mobility business to EBITDA breakeven



Maintaining technology leadership: leading cell design to deliver best-in-class TCO



Delivering shareholder value: completion of the ongoing strategic joint venture work/ M&A





#### Leclanché is on a clear path to deliver profitable growth. Thank You





info@leclanche.com www.leclanche.com

Slide 38

### Annual General Meeting of Leclanché S.A. Shareholders

### The break will end in



#### Definitions

The Company has set a Fact Book with reference to relevant supporting data and report

- Total Addressable Market: based on IDTechEX Research Dec. 2020 (COVID Adjusted) and LUX report. The Medium & Heavy transport sectors are expected to reach 115 GWh in 2030 @ a CAGR of 26% from 2020.
- Accounts: a Customer with active business opportunity under discussion
- **Opportunities**: a qualified project in which the Company is engaged with a Customer
- **2021-2026 Revenue Pipeline**: all customer project opportunities in the Customer Relationship (CRM) database on the Company as of September 2022.
- Qualified Revenue Pipeline: Non-weighted backlog and framework supply agreements including: Purchase order backlog; committed opportunities including expected call-off from framework supply agreements (Long Term Supply Agreement – LTSA, MOU, LOI, general T&C); and committed one-off projects with any customer with or without a framework agreement and other probabilityweighted opportunities in the Customer Management Database (CRM).
- Probability Weighted Pipeline: based on Leclanché E-Mobility CRM; estimated \$ value of the customer enquiries received / RFI / RFP stage received; Credible reference project or ability to make a competitive offer; multiplied by per centage (%) of the probability to win the contract
- Marine Market Size/ Rail & Locomotive Market Size/ Specialized Vehicles & Trucks Market Size: -based on IDTechEx, Navigant Guidehouse and Leclanché SA management estimates for period 2021 to 2025 (World) for European region and USA region.
- Automotive Licensing Market Size: estimated size of the market for battery capacity in GWh where Leclanché technologies offer a viable solution
- **TCO**: total cost of ownership (an estimate of all the direct and indirect costs involved in acquiring and operating a product or system over its lifetime).

- **EBITDA** is short for earnings before interest, taxes, depreciation and amortisation.
- ESS: means Energy Storage Solutions and is one of Leclanché's Business Units. It provides complete Engineering, Procurement and Construction (EPC) services for Electrical Energy Storage Systems (EESS), from large-scale utility projects to Commercial & Industrial (C&I) systems.
- SBS: means Specialised Battery Systems and is one of Leclanché's Business Units. This business unit designs and manufactures specialised, custom-made, lowvoltage battery systems for a wide range of demanding applications.
- EV: means electrical vehicle
- **OEM**: An original equipment manufacturer (OEM) traditionally is defined as a company whose goods are used as components in the products of another company, which then sells the finished item to users.
- EMS: Energy Management Software is a system of computer-aided tools used by operators of electric utility grids to monitor, control, and optimise the performance of the generation or transmission system. Also, it can be used in small scale systems like microgrids
- R&D: means Research and Development
- M&A: Mergers and acquisitions, or M&A for short, involves the process of combining two companies into one. The goal of combining two or more businesses is to try and achieve synergy – where the whole (new company) is greater than the sum of its parts (the former two separate entities).
- SPAC: Special purpose acquisition companies (SPACs) have become a preferred way for many experienced management teams and sponsors to take companies public. A SPAC raises capital through an initial public offering (IPO) for the purpose of acquiring an existing operating company.



#### Disclaimer

This presentation has been prepared by Leclanché S.A. (the "Company") solely for informational purposes.

None of the Company or any of its directors, officers, partners, employees, agents, affiliates or advisers nor any other person makes any representation or warranty of any sort as to, and no reliance should be placed on, the accuracy, completeness, fairness or reasonableness of the information or the opinions contained in this presentation or in any other document or information made available in connection with this presentation. No person shall have any right of action against the Company or any of its directors, officers, partners, employees, agents, affiliates or advisers or any other person in relation to the accuracy or completeness of any such information or for any loss, however arising, from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation contains non-IFRS measures (including certain ratios and key performance indicators, such as MWh, or megawatt hour, which means a unit of energy equal to 1MW of power being applied continuously for one hour, which the Company uses to illustrate its overall production as demonstrated through the electrical energy storage capacity of its battery systems). These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Company's results as reported under IFRS.

This presentation contains statements that constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Company operates. Such forward looking statements in this presentation are for illustrative purposes only. These statements may be identified by words such as "expectation", "belief", "estimate", "plan", "target", "forecast", "pipeline", and similar expressions or the negative thereof; by the forward-looking nature of discussions of strategy, plans or intentions; or by their context. All statements regarding the future are subject to inherent risks and uncertainties, and various factors could cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events that may not prove to be accurate, and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. Past performance is not an indication of future results and should not be taken as a representation that trends or activities underlying past performance will continue in the future. The forward-looking statements in this presentation speak only as at the date of this presentation, and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this presentation or to update or to keep current any other information contained in this presentation or to provide any additional information in relati

This presentation does not constitute, and should not be construed as, an offer to sell or issue securities or otherwise constitute an invitation, inducement, solicitation or recommendation to any person to purchase, underwrite, subscribe for or otherwise acquire securities in the Company or any of its affiliates or constitute an inducement to enter into investment activity in any jurisdiction.



Slide 43

#### **Proven, Proprietary & Vertically Integrated Battery Systems**





**Energy Storage Solutions** 

#### Highest Level of Certifications; Safe & Reliable Performance

#### **Corporate Certifications**

- ISO 9001:2015 Quality management system
- ISO 14001:2015

Environmental management system

#### • ISO 45001:2018

j (2

Occupational health and safety management system

### Sted Management St.



#### Industry Certifications

• Marine type approvals



• Railways applications ISO/TS 22163



